

Wednesday 14 April 2021 / 12.30pm - 1.30pm

ADVANTAGE

Danske Bank

# The Outlook for the NI Economy and insights into the global impacts of the Covid-19 pandemic



Hosted by

Robert McCullough

Head of Business Sector  
Engagement



# The global impact of Covid-19, the vaccine roll out and future expectations



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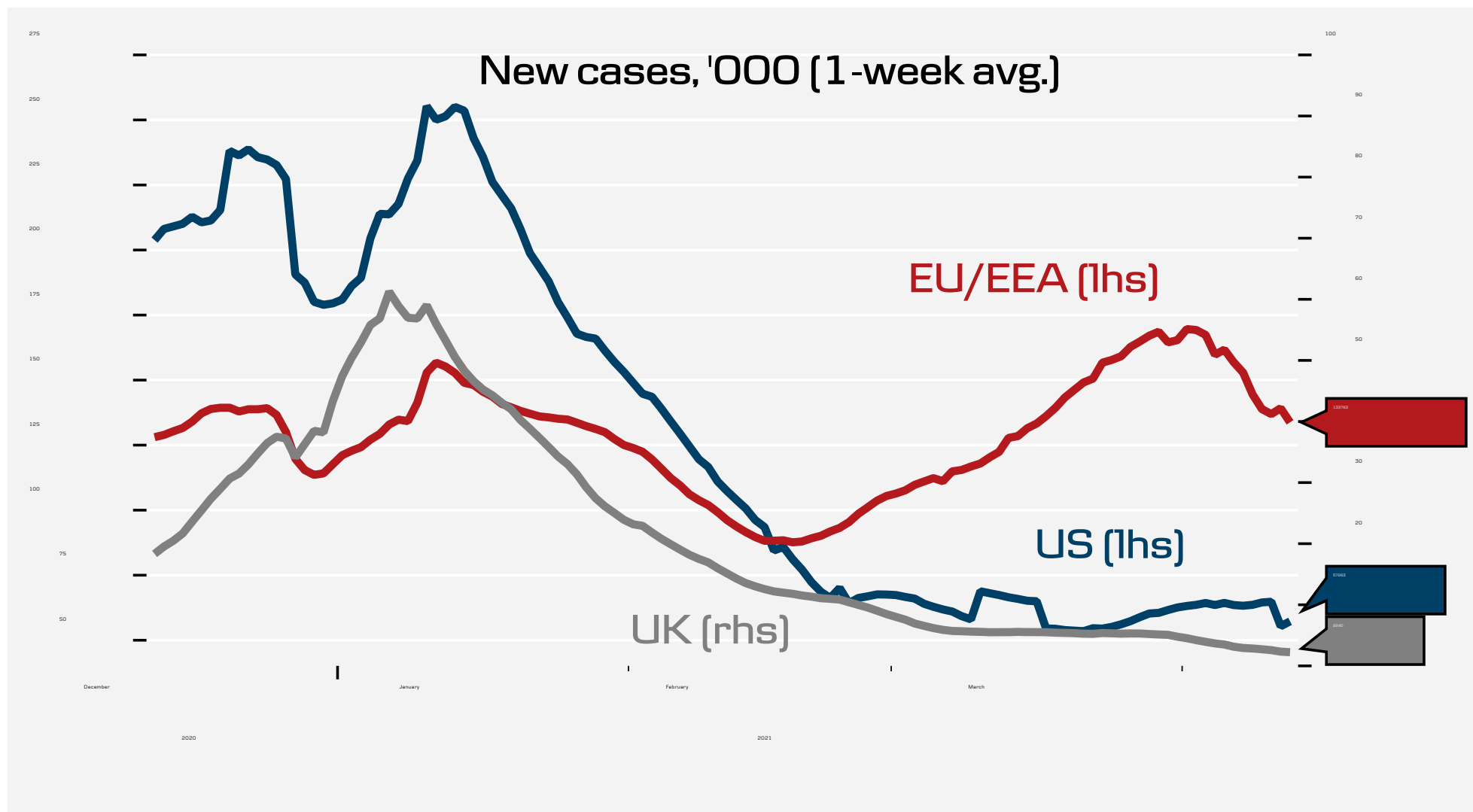
# COVID-19 and the global outlook



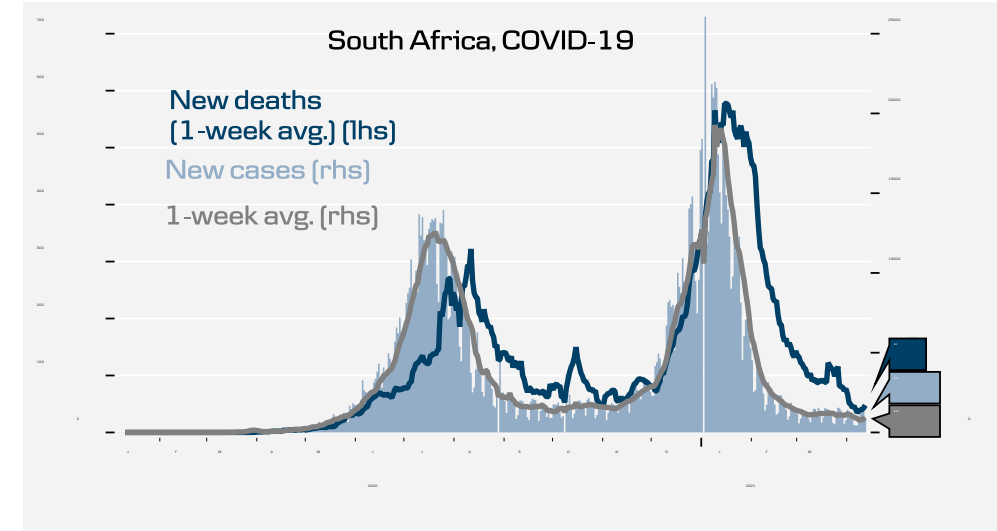
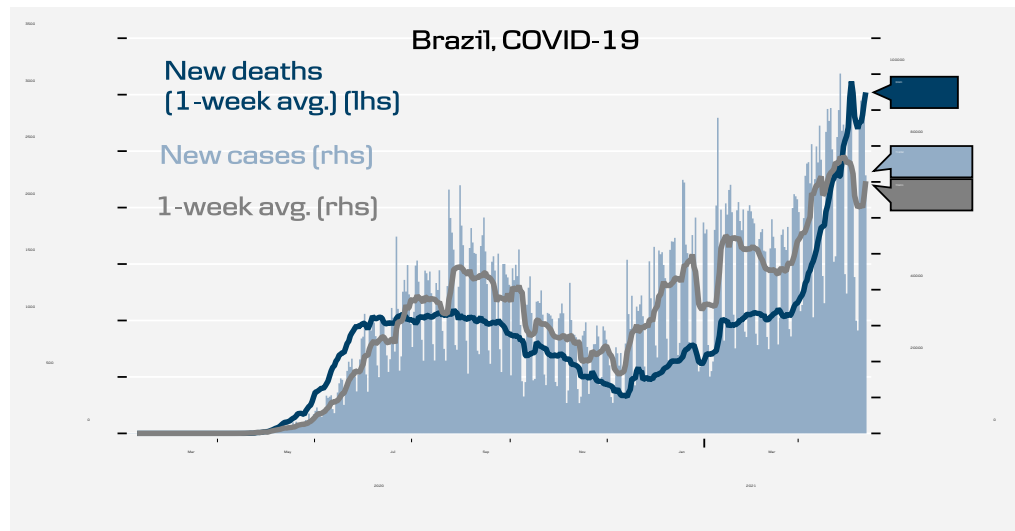
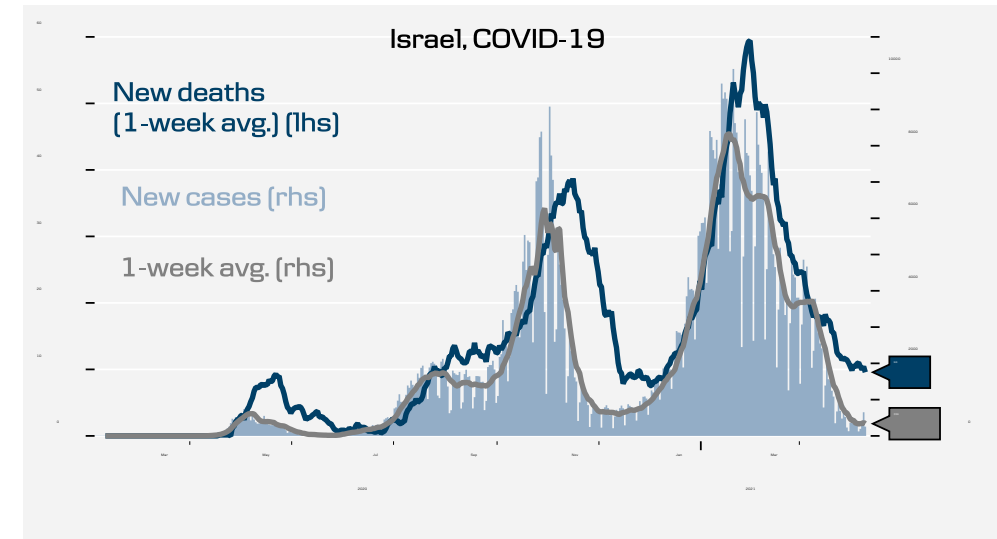
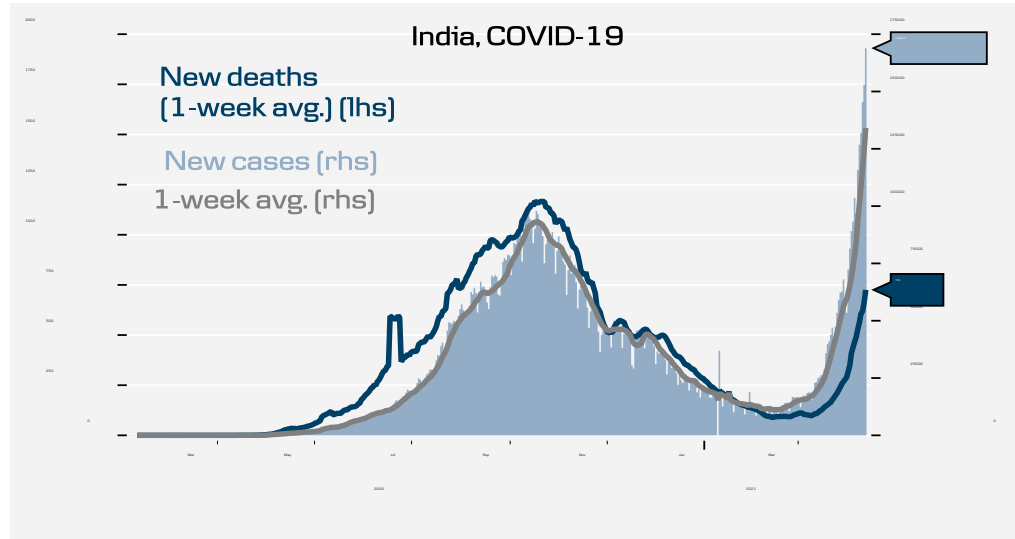
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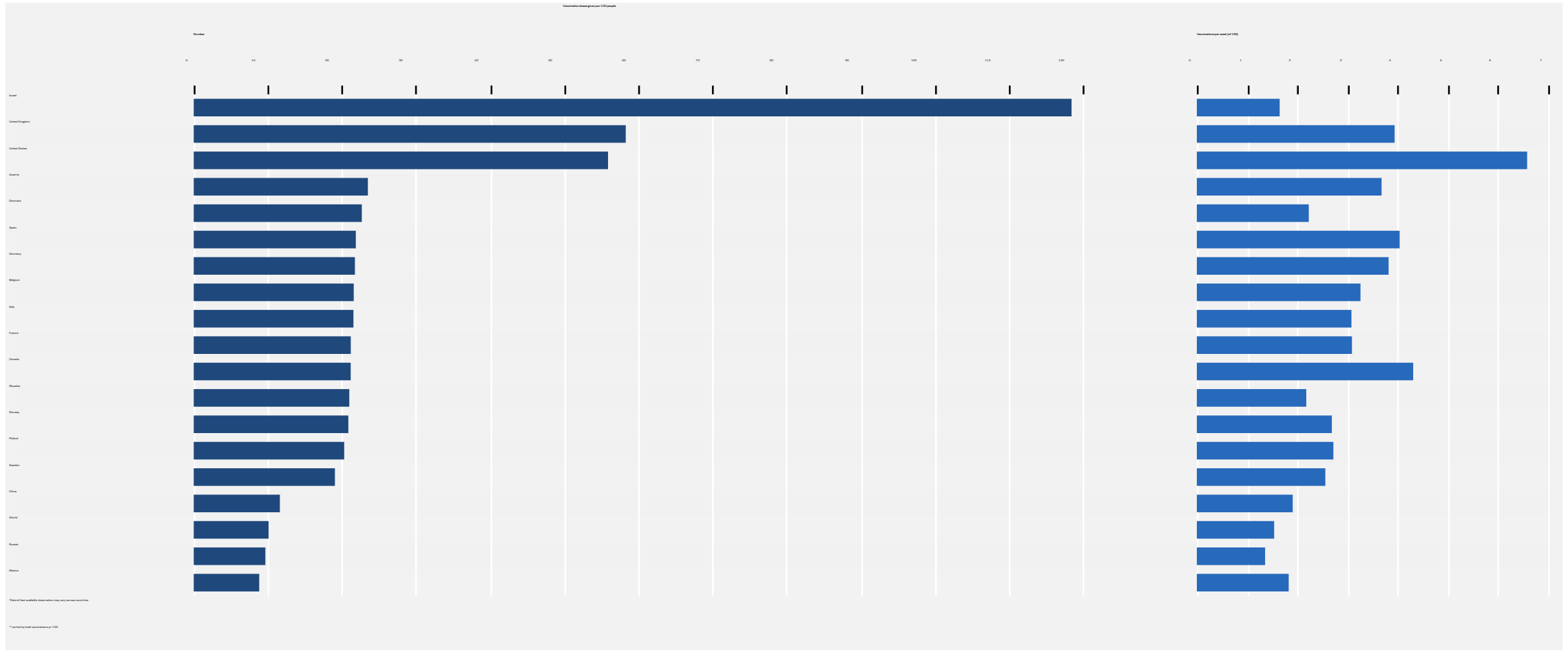
# COVID-19 – US and UK doing much better, EU still struggling



# COVID-19 – a very mixed picture across the world



*The US and the UK are vaccinating at a lot faster pace than the EU; vaccines still seem effective against mutations*





# Vaccines extremely effective against severe cases, seemingly effective against mutations and protection is long-lasting

## Studies to date that showed COVID-19 vaccines reduce asymptomatic infection (transmission)

Setting	Finding of xx% reduction in asymptomatic	Reference
Healthcare workers in England	86%	<a href="#">Hall SSRN</a> , February 22, 2021
Healthcare workers in Israel	75%	<a href="#">Amit, Lancet</a> , March 6, 2021
Patients in Mayo Clinic health system	88.7%	<a href="#">Pawlowski medRxiv</a> , February 27, 2021
Israel Ministry of Health (nationwide)	94%	Pfizer <a href="#">press release</a> , March 11, 2021
Israel general population (Pfizer)	90%	<a href="#">Dagan NEJM</a> , February 24, 2021
Pre-surgical patients in Mayo Clinic system swabbed asymptotically	80%	<a href="#">Tande Clin Inf Dis</a> , March 10, 2021
Healthcare workers in Cambridge University Hospitals	75%	<a href="#">Weekes Authorea</a> , February 24, 2021
First-line responders and HCWs in US	90%	<a href="#">Thompson A. MMWR</a> , March 30, 2021
Israel population (>16) with children unvaccinated	For every 20-point increase in adult vaccination, rates of kids testing positive halves	<a href="#">Milman O. Medrxiv</a> , March 31, 2021

Nasal viral load values are most important determinant of transmissibility ([Lancet study](#)); Nasal viral loads from post-vaccination exposures are low and likely noninfectious per CT values (use [rapid antigen tests](#) after vaccination if want to test symptomatic)

## Vaccines are close to 100% efficient against severe cases

	Total sample	# of positive COVID cases	Positive cases among vaccinated	Reported efficacy %	Severe cases among vaccinated group	Severe cases placebo
Moderna	28,207	196	11	94.1%	0	30
Pfizer	43,355	170	8	95.0%	1	9
Novavax*	>15,000	62	6	89.3%	0	1
J&J*	43,783	468	NR	66.0%	0**	NR
Sputnik V*	21,977	78	16	91.6%	0***	20
AstraZeneca****	10,468	218	64	59.5%	0****	8

Note: NR = not reported, \*interim results, \*\*hospitalisations after 28 days, \*\*\*moderate-to-severe cases, \*\*\*\*based on EMA product information, \*\*\*\*\* 100% protection against hospitalisations as of day 28 (85% effective overall in preventing severe cases)

Sources: EMA, company press releases, The Lancet, Eric Topol, Danske Bank calculations

moderna

## Moderna Highlights Publication of Antibody Persistence Data of its COVID-19 Vaccine out to 6 Months in the New England Journal of Medicine

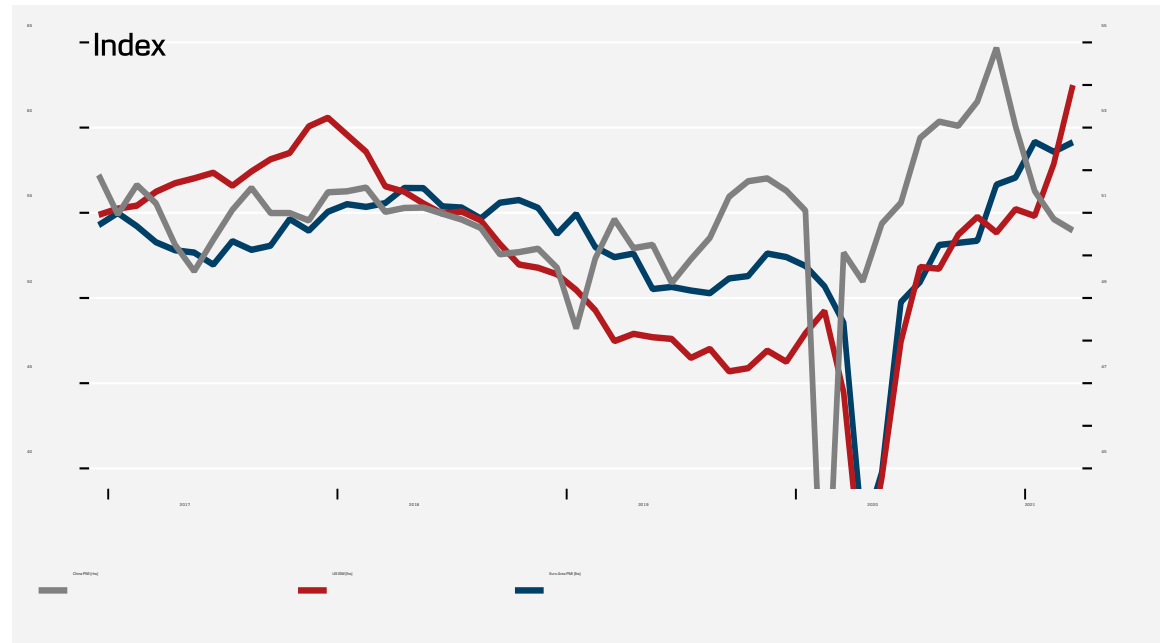
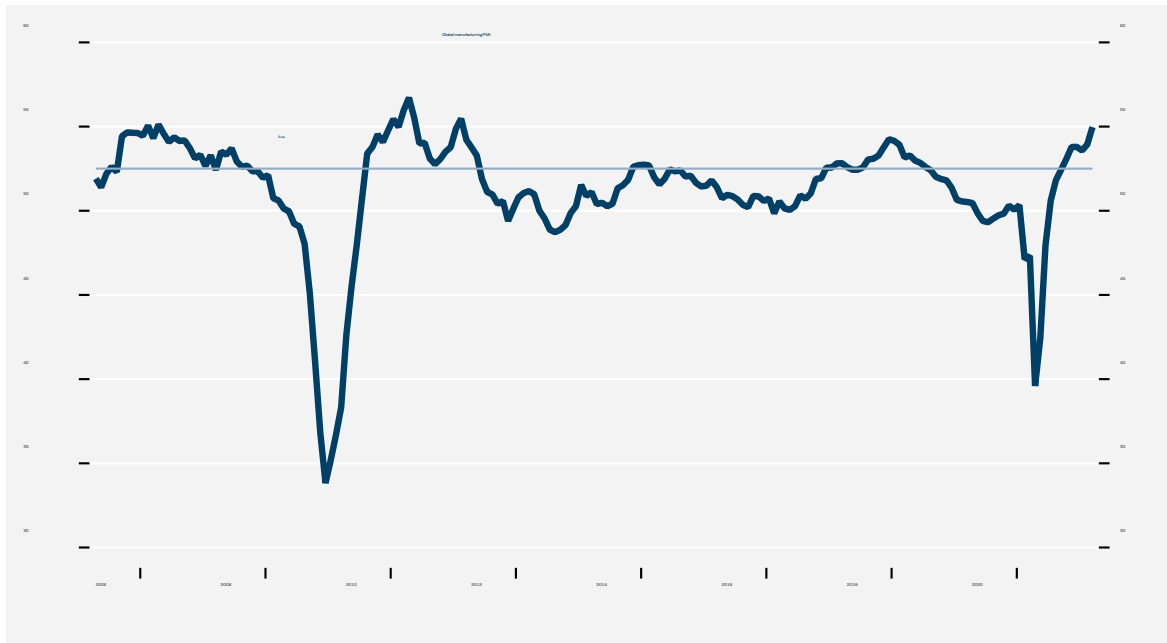
April 7, 2021

CAMBRIDGE, Mass.-(BUSINESS WIRE)--Apr. 7, 2021-- [Moderna, Inc.](#) (Nasdaq: MRNA), a biotechnology company pioneering messenger RNA (mRNA) therapeutics and vaccines, today highlighted the publication of antibody persistence data out to 6 months following the second dose of the Moderna COVID-19 Vaccine in *The New England Journal of Medicine*.

In South Africa, where the B.1.351 lineage is prevalent and 800 participants were enrolled, nine cases of COVID-19 were observed, all in the placebo group, indicating vaccine efficacy of 100% (95% CI, [53.5, 100.0]). In an exploratory analysis, the nine strains were sequenced and six of the nine were confirmed to be of the B.1.351 lineage. These data support previous results from immunogenicity studies demonstrating that BNT162b2 induced a robust neutralizing antibody response to the B1.351 variant, and although lower than to the wild-type strain, it does not appear to affect the high observed efficacy against this variant.<sup>1</sup>

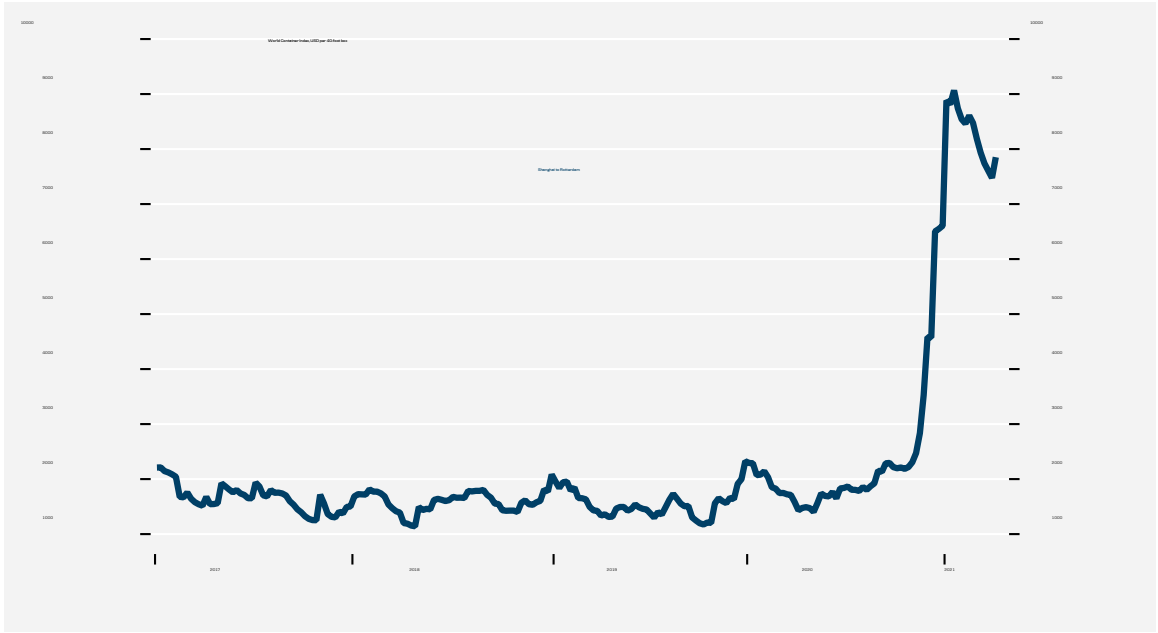
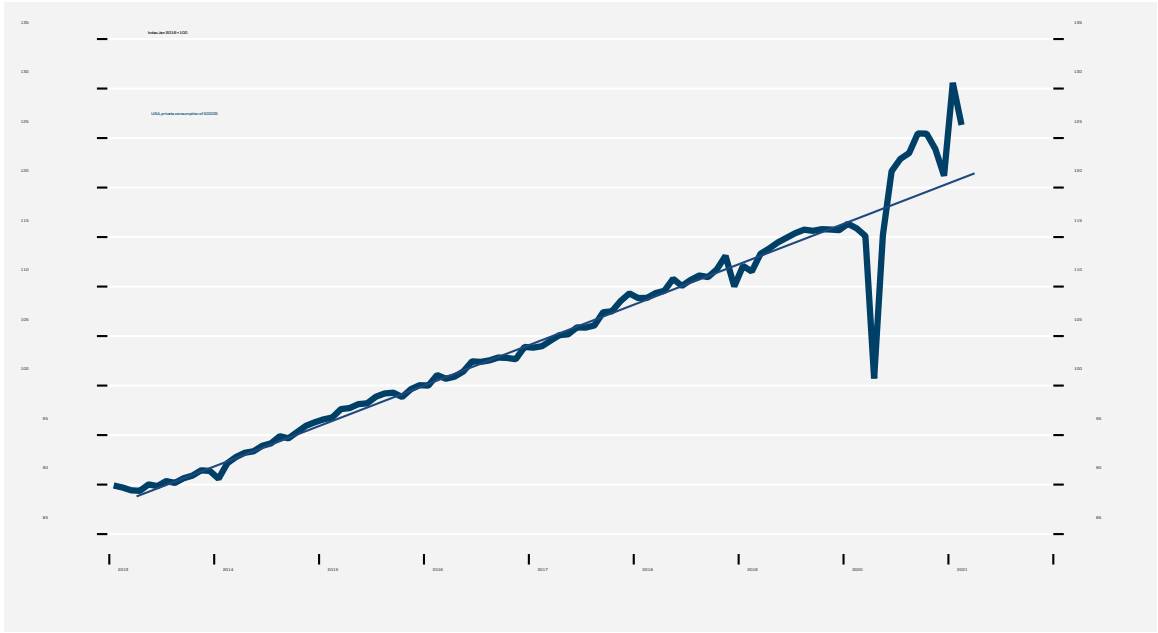
## *Global economy – very strong manufacturing sector*

- The economic crisis has been a service sector crisis
- Manufacturing has been booming
- China is slowing down, US on a 'fiscal stimulus' high, euro benefitting from strong exports

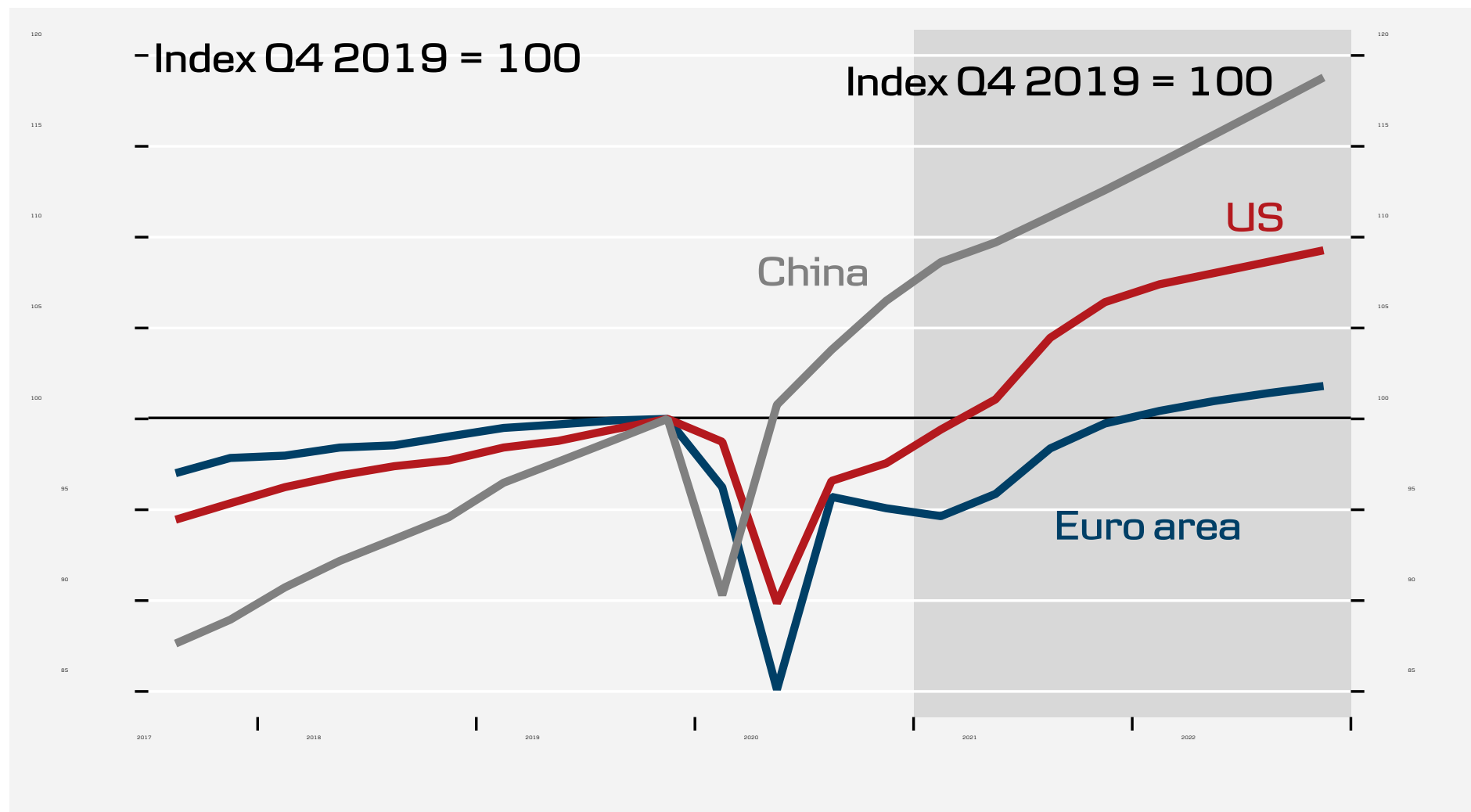




# *Sharp rise in US goods consumption – lifted China exports... freight rates*



## Global recovery to take hold in H2 – but big differences across countries



# The Outlook for the Northern Ireland Economy

Conor Lambe is the Chief Economist at Danske Bank, acting as the Bank's spokesperson and a trusted subject matter expert on all UK and Northern Ireland economic and related matters.

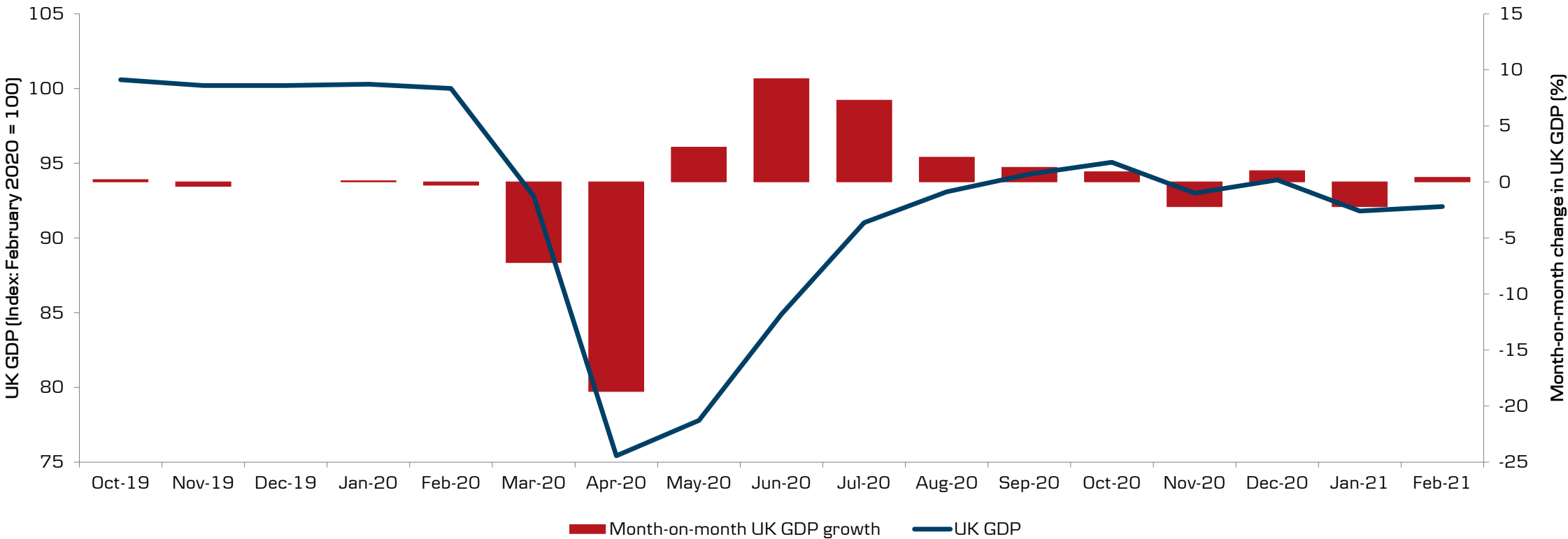
Conor is responsible for Danske Bank's Quarterly Sectoral Forecasts and Consumer Confidence Index

**Conor Lambe, Danske Bank Chief Economist**  
*Danske Advantage webinar - 14 April 2021*

 @ConorLambe

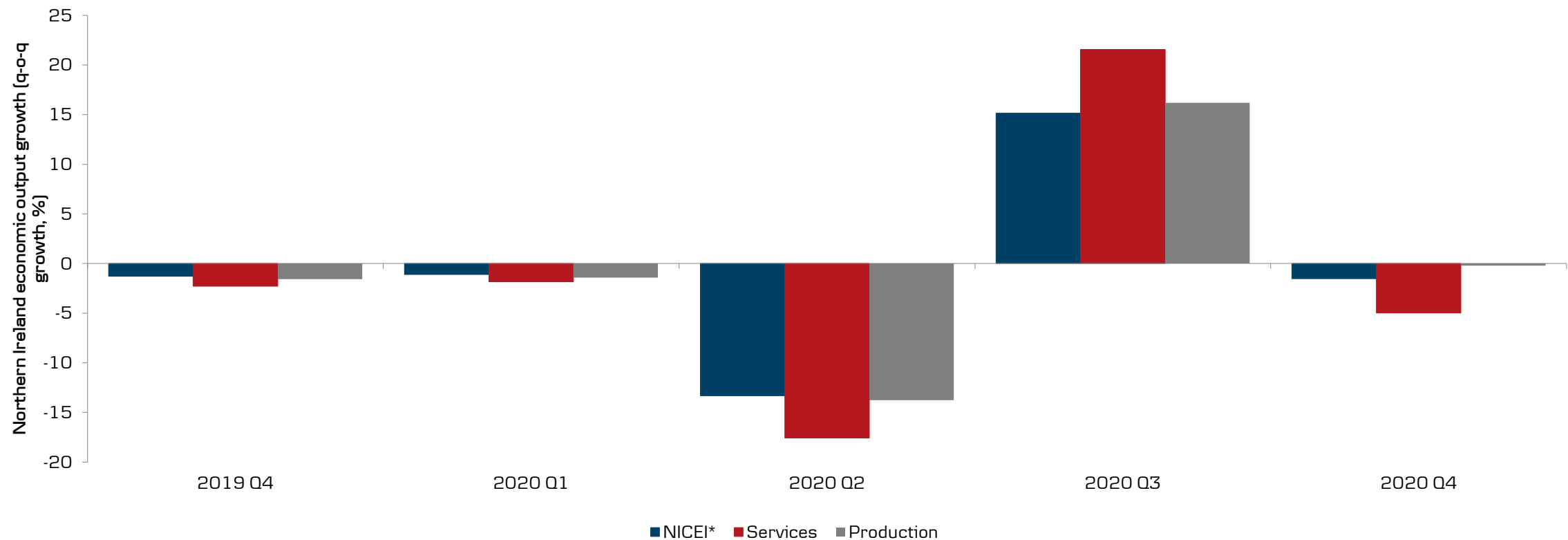


# The UK economy contracted in January 2021 due to the coronavirus restrictions, but began to grow again in February



Sources: Danske Bank analysis, ONS

# The restrictions in place locally led to a fall in economic output in Northern Ireland in the final quarter of 2020



Sources: Danske Bank analysis, NISRA

\*Northern Ireland Composite Economic Index - a quarterly measure of how the NI economy is performing

## There are a number of key factors which we expect to impact the performance of the economy in 2021 and 2022



*An expected gradual easing of the coronavirus restrictions*



*Policy measures facilitating a return to economic growth*



*A deterioration in the performance of the labour market*



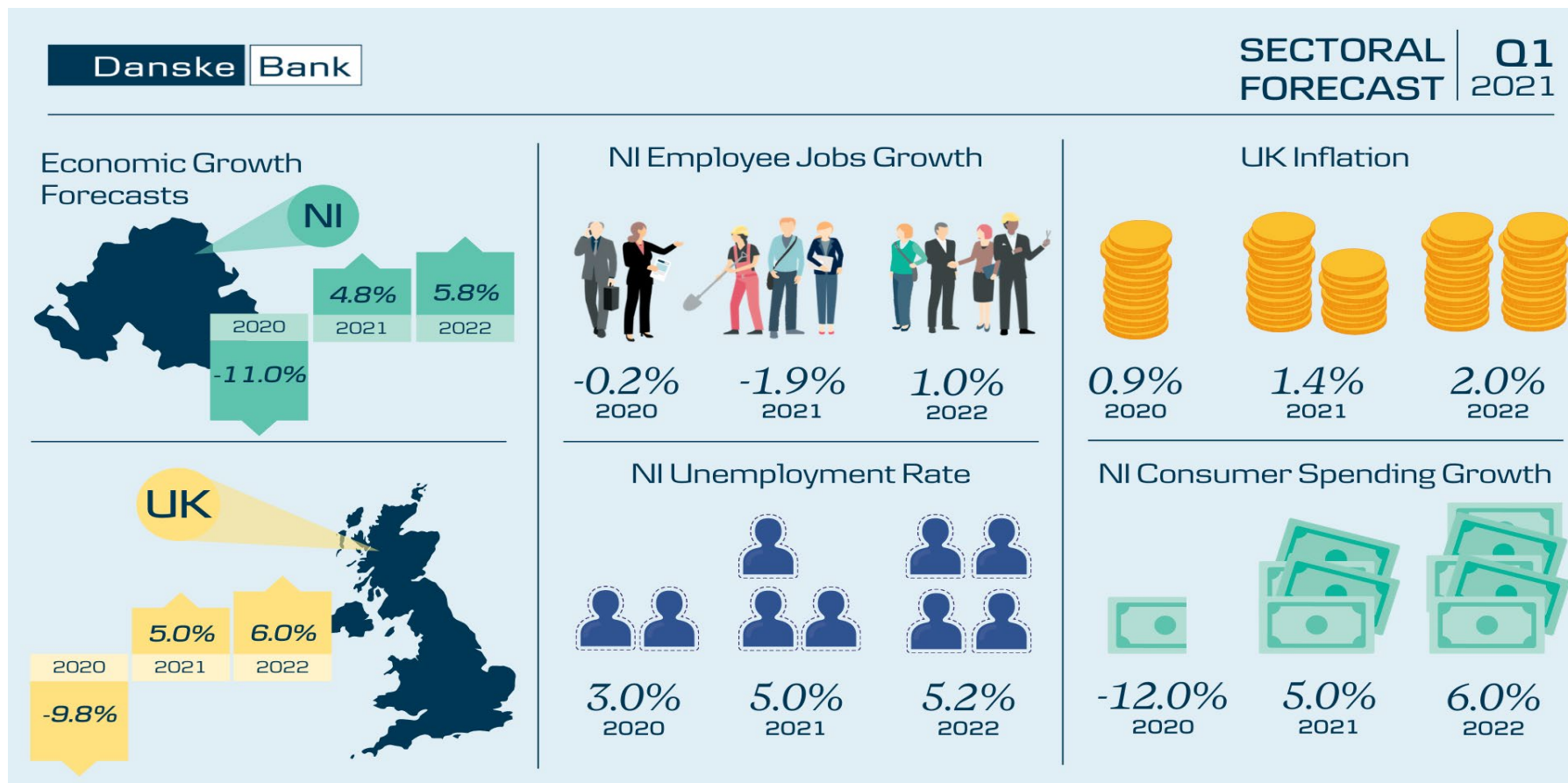
*Continued cautious consumer and business behaviour*



*Extra trade frictions due to Brexit*



**We are forecasting that the Northern Ireland economy will grow by around 4.8% in 2021 and 5.8% in 2022**



Source: Danske Bank Northern Ireland Quarterly Sectoral Forecasts 2021 Q1

## After experiencing the largest falls in 2020, consumer-focused sectors are expected to post strong growth in 2021

GVA (%)	2021	2022
Accommodation & food service	17.6	20.6
Arts, entertainment & rec	11.4	16.7
Other service activities	8.8	13.7
Education	8.4	9.3
Transportation & storage	7.2	11.4
Administrative & support	7.2	12.4
Human health & social work	7.1	3.0
Construction	6.7	6.4
Manufacturing	5.7	5.5
Water supply	5.0	3.1
Information & communication	4.6	6.2
Professional, scientific & tech	4.6	6.4
Wholesale & retail trade	4.4	7.4
Electricity, gas, steam & air	4.1	3.0
Mining & quarrying	3.6	3.3
Agriculture, forestry & fishing	1.8	3.3
Financial & insurance	1.2	3.8
Real estate activities	0.7	1.9
Public administration & defence	0.3	1.3
<b>Total</b>	<b>4.8</b>	<b>5.8</b>

Source: Oxford Economics, Danske Bank Analysis

Sector contributions to GVA growth in 2021



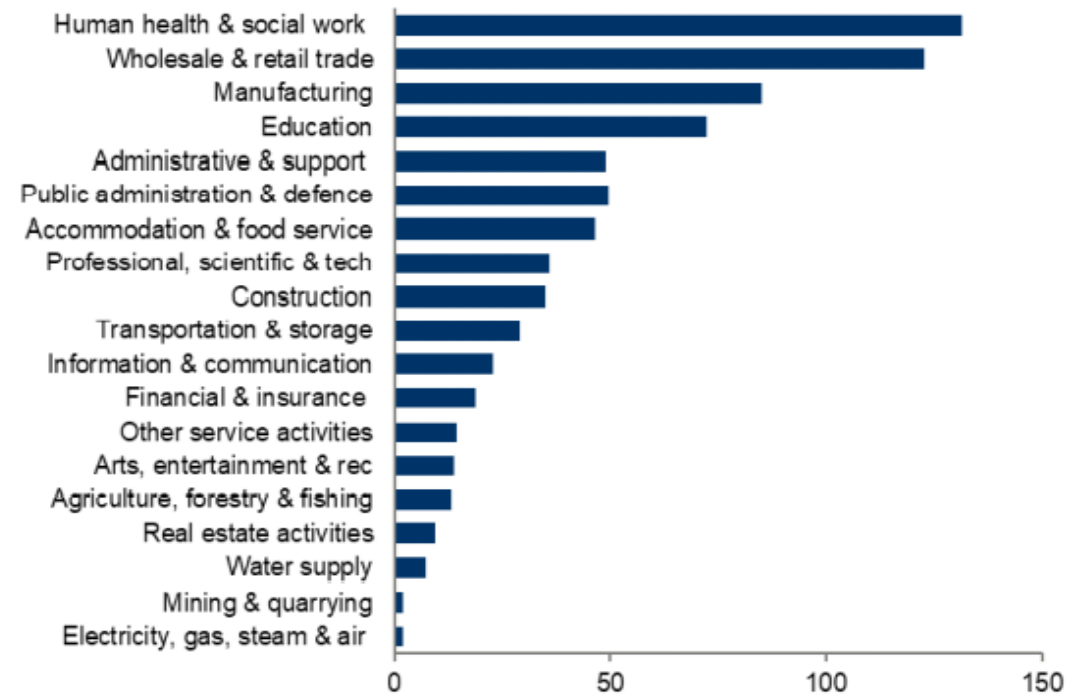
Source: Oxford Economics, Danske Bank Analysis % annual contribution to change in GVA

**We are projecting that the average number of employee jobs will fall by around 1.9% in 2021, then grow by 1.0% in 2022**

Employee jobs (%)	2021	2022
Education	0.1	0.1
Human health & social work	0.1	0.2
Public administration & defence	0.0	0.1
Agriculture, forestry & fishing	-0.3	0.6
Information & communication	-0.3	0.7
Transportation & storage	-0.9	0.7
Electricity, gas, steam & air	-1.0	0.7
Real estate activities	-1.1	0.3
Professional, scientific & tech	-1.4	0.7
Manufacturing	-1.5	0.5
Mining & quarrying	-1.5	0.8
Financial & insurance	-1.6	0.9
Construction	-1.7	0.9
Water supply	-1.7	0.9
Administrative & support	-3.4	2.3
Wholesale & retail trade	-4.2	1.1
Other service activities	-5.7	2.0
Accommodation & food service	-6.2	4.1
Arts, entertainment & rec	-6.5	4.1
<b>Total</b>	<b>-1.9</b>	<b>1.0</b>

Source: Oxford Economics, Danske Bank Analysis

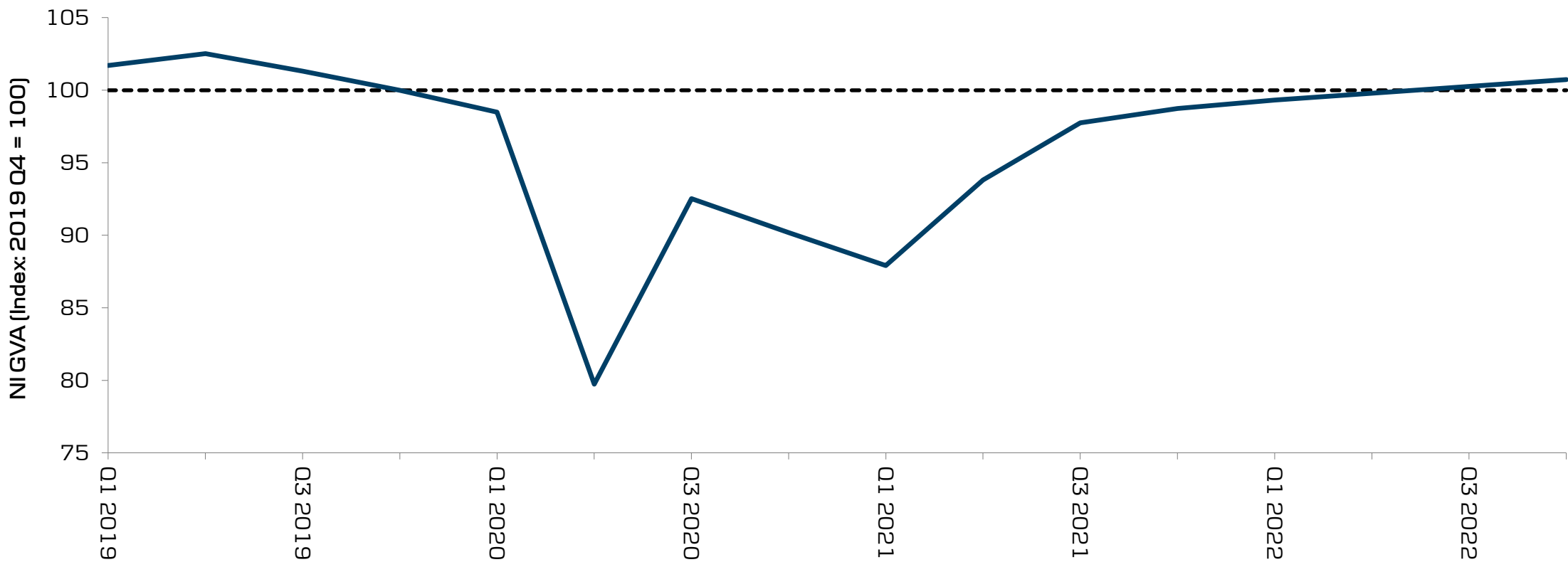
Employee jobs per sector in 2021



Source: Oxford Economics, Danske Bank Analysis

Employee jobs (000s)

We expect economic output in Northern Ireland to return to its pre-pandemic level in the second half of 2022



Source: Danske Bank Northern Ireland Quarterly Sectoral Forecasts 2021 Q1

## There are several risks and uncertainties which could impact the performance of the economy

*Coronavirus*

*The need for firms to adapt to the post-Brexit trading arrangements*

*The global economic outlook could deteriorate*


# Thank you

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# Interest Rate & FX Risk

John-Paul Coleman is Head of Treasury & Markets, managing the Bank's funding, liquidity, Foreign Exchange (FX) and interest rate risk and leading a team of specialists in hedging (FX) and interest rate risk. John-Paul is a Chartered Financial Analyst with over 20 years' experience in national and international banks working in Dublin, London and Belfast.

**John-Paul Coleman, Danske Bank**  
Head of Treasury & Markets



@PaulcolemanJohn



# 10 Year Gilts- Long Term Interest Rates Rising

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# GBP/EUR Forecast

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Currency	GBP/EUR - forecast				
As of	13 <sup>th</sup> April 2021				
	Q2 2021	Q3 2021	Q4 2021	Q1 2022	2022
Low	1.11	1.11	1.11	1.12	1.10
High	1.20	1.22	1.23	1.30	1.35
Mean	1.16	1.18	1.18	1.18	1.18
Source: Bloomberg					

Please note that these forecasts reflect the consensus view of a number of Market participants at a point in time ,

are not a recommendation to transact and may not reflect actual rates at the various future dates.

# GBP/EUR FX (historical trend)

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Source: Bloomberg:

# GBP/USD Forecast

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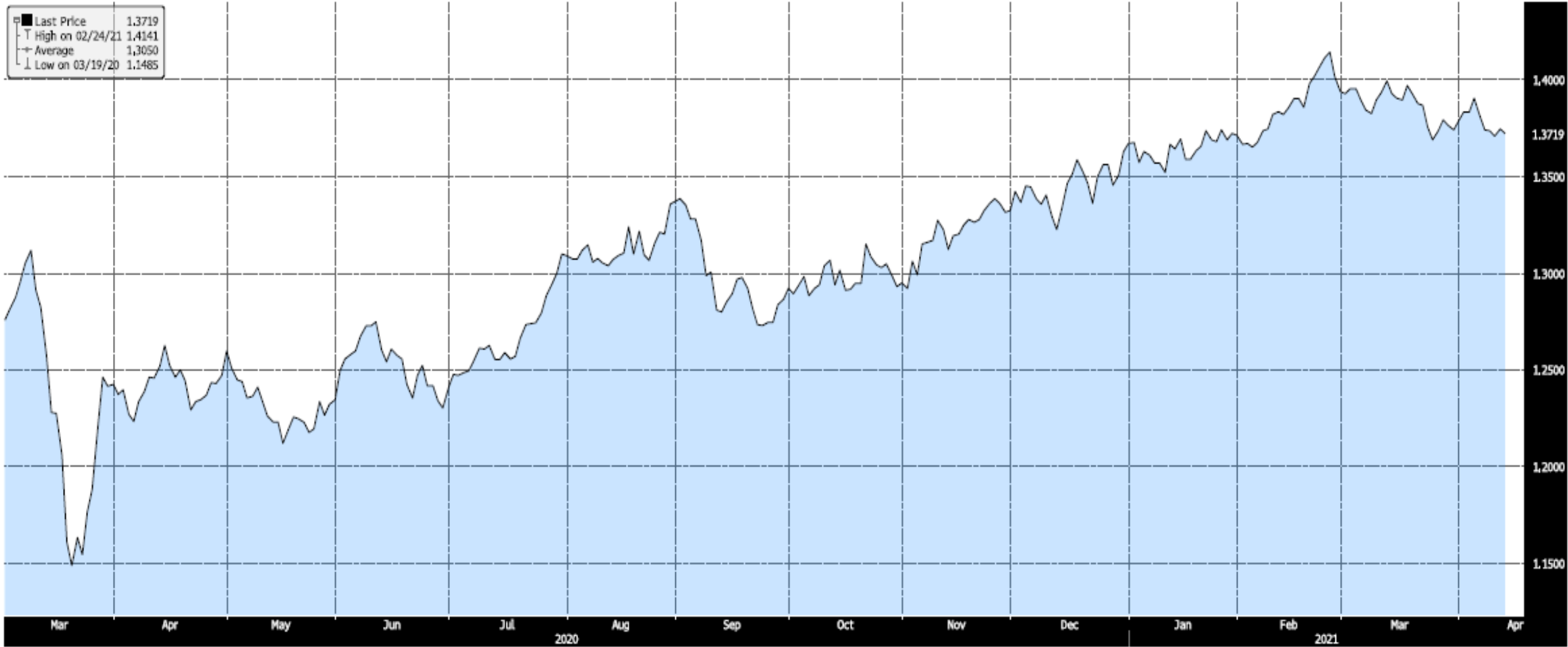
Currency	GBP/USD - forecast				
As of	13 <sup>th</sup> April 2021				
	Q2 2021	Q3 2021	Q4 2021	Q1 2022	2022
Low	1.33	1.32	1.32	1.32	1.34
High	1.46	1.49	1.51	1.53	1.58
Mean	1.40	1.41	1.42	1.42	1.45
Source: Bloomberg					

Please note that these forecasts reflect the consensus view of a number of Market participants at a point in time ,

are not a recommendation to transact and may not reflect actual rates at the various future dates.

# GBP/USD FX (historical trend)

D





# Managing your FX and Interest Rate Risk

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- We still recommend you hope for the best, plan for the worst
- Markets can move quickly and not always in your favour
- Not a time to pause for thought, but to look at my objective:
  - What is my **exposure** to currency or Interest Rate risk?
  - What is the **period** I have the exposure for?
  - How important is the exchange rate? **Budget vs Aspiration**
    - Risk of Complacency, “It’s going my way” or
    - Head in the sand approach, “It will get better”
    - Do I have a business continuity plan?
- Ask yourself, “**What if I am wrong?**”
- **Is doing nothing a strategy?? Is this a risk you are willing to take?**

That's all

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# Thank you

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# Q&A

We will endeavor to answer as many questions as we can in connection with today's presentations.

A copy of today's recording, presentations and information can be accessed from our Danske Advantage resource page on our website @ <https://danskebank.co.uk/business/advantage>

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